**Bringing an Ongoing Real Life Challenge of the Undergraduate Students Population into Operations Management and Statistics Classrooms**

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**1. Process Flow Analysis**

Like any other production and service system, the undergraduate studies can be presented as a process at CSUN, we have inputs in terms of freshman and transfer students. We have resources; human resources and capital resources—like professors, teacher’s assistants, and advisors and administrators. Capital resources such as classrooms, computers, and so we have a network of value added and non-value added activities like classrooms and waiting lines in front of the professors door or in front of TA rooms. We have a value system like the student center learning environment system that we have at CSUN, and an information infrastructure like our grading system and our transcripts. And finally, we produce our output, which are graduates and drop-outs.

*1:23 Process Competencies*

Any system, including CSUN, should have a reasonable financial performance and value-chain performance. In this direction, the institute should satisfy its customers, as well as its stakeholders. It should understand the perceptions and expectations in all manufacturing and service systems, including CSUN, will propose a customer value proposition to their customers. And they develop process competencies to be able to deliver that customer value proposition. The customer value proposition is usually defined in four dimensional space of cost, quality, time, and variety. That is the four-dimensional space of customer value proposition, which should be matched with four dimensions of process competencies. Process competencies are cost, quality, flow-time, and flexibility. We first take a look at cost, and then quality-to-cost. After that, we will go and look at the other dimensions. Obviously, we all know that CSUN is doing great in cost dimension, in spite of recent significant changes in tuitions.

*3:27 Quality of Human and Capital Resources*

 This data, I have collected over a period of five or six years. I have asked about a thousand students what their perception is about Stanford, Berkeley, USC, Pepperdine, Lutheran University, and CSUN. And this is the score the students have provided, in a scale of zero to six. As we see, CSUN is not in a bad position. By the way, when I have asked our students to rank these six institutes, the way they have institute themselves, is lower than when I have asked other people in other institutes to evaluate our students as compared to those other five institutes. Frankly, I’ve asked almost everyone about what they think regarding the performance of our students compared to the other institutes.

*4:55 Competitive Space; Quality and Cost Efficiency*

 So now if I go ahead and draw that understanding on a vertical axis, and score these six institutes from zero to six, and if, on the horizontal dimension, I draw the cost—and cost is not good, because here, in vertical axis, I get better if I am getting *away* from the origin, but in cost-dimension I am not getting better when I move from the origin and the cost increases. Therefore, on this dimension, instead of cost, I prefer to put ‘cost efficiency’, which is defined by: 1/Cost. And here, I have assumed the tuition of the most-expensive university is $36,000 per year. Of course, it is higher than that. Therefore, in the numerator I have put 36,000 and in the denominator I’ve put the cost of that institute. Therefore, for example, if Stanford has a cost of $36,000, its cost efficiency comes out to 1, but if CSUN has a cost of $6,000, its cost efficiency comes out to 6. Therefore, for example, I will have CSUN here, while Stanford is around here.

*6:48 Competitive Space; Quality and Cost Efficiency*

Now let’s look at this quality-to-cost efficiency graph. For example, here is institute L, which has a low quality and a medium cost efficiency. This is institute P, which has medium quality and low cost efficiency, so it is expensive. Institute C, a little bit better quality compared to P, but also less cost efficiency, more expensive. Institute B, this is a world-class organization. Firms operating on efficient frontiers, they are world-class organizations. When you are not on an efficient frontier, you can improve your situation in both dimensions of cost efficiency and quality. But on an efficient frontier, if you want to improve quality, you need to sacrifice cost efficiency, and vice versa. In other words, you can improve when you are on an efficient frontier, only due to outbreaks in something—either in cost saving, or in technology, or quality improvement.

*8:31*

We have a couple of institutes here on the quality and cost efficiency dimensions. Here on institute S, also on the efficient frontier; a very high cost institution, and at the same time, an extremely high quality institution. And, the data that they have collected from, maybe, close to 800 of our students, and the data that that I have collected from students of other institutes, and my friends who teach in other institutes, they all together indicate that, in quality dimension, CSUN is somewhere here. Now let’s see what this curve means. This institute, on cost dimension, is average. It has such a measurement in 1/Cost, and as we said, $36,000 over cost (or we can call it K/Cost), and in this dimension, it is quality. If I am looking for quality to cost, if I am going to *move* from the two-dimensional space of quality and cost to a one dimensional space. In this dimension, I have 1/Cost, in this dimension I have quality. It is enough to multiply them by each other. What that multiplication means, it means ‘just compute’. This rectangle, this is 1/Cost (1/C), this is quality, if you multiply this edge by this edge, you get the area, and this area is quality/cost (Q/C).

*10:53*

Now, let’s look at CSUN. A very big rectangle. Only institute B, in cost-to-quality dimension, could compete with CSUN. CSUN is doing *excellent*. CSUN is great in quality-to-cost. And I believe, if we really could get objective data on this quality dimension, and then divide it by cost, CSUN would definitely be among the 5% top institutes in the nation. David Nazarian College of Business and Economics is doing perfect in one-dimensional space of quality-to-cost. So, College of Business and Economics, for success, needs to have a reasonable value chain and financial performance. If we have a good value chain performance, hopefully it will lead to student success, and our stakeholders’ satisfaction. We have proposed something to our students that is what we call “CSUN Value Proposition,” and we need to develop resources and learning processes, and in general, process competencies, to be able to deliver this student value proposition, what we have proposed to our students. Perceptions and expectations between this side *(Stakeholders’ Satisfaction and Student Success)*, and this side *(CSUN Value Proposition and CSUN Resources and Learning Processes)* should be also aligned. In that case, then we can compete in a four-dimensional space of: quality of education, tuition, number and variety of classes and courses, and time to graduation, where time to graduation by itself is a function of head-count and the number of incoming students, and the number of graduates. Input and output, according to the Little’s Law, throughput times flow time is equal to inventory. Average of incoming and graduates each year times the time to graduation is equal to the headcount of students.

*13:50 16-Year Averages. Incoming: 1653, Grads: 1348, Drops: 226, Head-Count: 6224*

Here we look at 16 years of performance of the College of Business and Economics. And, as we see here, these are all of our graduates *(GR-A),* this curve. All of our incoming students are on this curve *(FTA).* This red curve (*DR-A)* is unfortunately our drop-outs over these 16 years. This negative drop-out means some of the drop-outs of previous years have come back, and this one (2009 data point) shows the maximum numbers of dropouts. And here (green curve HC-A) is inventory of College of Business and Economics that is in Little’s terminology, and in our terminology, that is our headcount. Average headcount over the past sixteen years is 6224, Incoming per year, 1653, graduate average per year in the past 16 years, 1348, and dropouts per year, 226.

*15:13 6-Period Moving Average: Incoming, Graduates, Drop-outs*

Here is a 6-Period Moving Average of incoming students, graduates and drop-outs. As we see, this is the gap (between incoming students (FTA) and graduating students (GR-A)).

*15:28 Competing Edges and Process Competencies at DN-CBAE*

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*15:35 Time to Graduation 95% CI: FTF 6.8, 7.7, 8.6; FTT 3.2, 3.5, 3.8*

Now, if we apply the Little’s Law on the information we have, we come out with these two curves. The red curve is for First-Time-Freshman (FTF). The blue curve is for First-Time-Transfers (FTT). We have had headcount, we have had incoming, and we have had graduates. I have estimated time to graduation using the Little’s Law. This time for graduation has not been computed by going into one-by-one of students and compute the average. We have had headcount, we have had incoming, we have had graduates, and then we can say throughput times flow time is equal to inventory, and flow time is time to graduation. Average time-to-graduation for our first time freshman (FTF) was 7.7, for first time transfer (FTT) is 3.5, and these two numbers are 95% confidence interval for both groups. Average flow-time of transfer students is less than half of the average flow time and time to graduation for our first-time freshmen. This is a little bit counterintuitive because, when I first approached this problem, what I had in mind was, those who first come to CSUN are better prepared in high school. Then when I looked at the data, I realized that in the past 16 years, it was not correct.

*17:05 Decrease in Incoming Freshmen, Increase in Freshman Population*

And, therefore, because it takes freshman students more time to graduate, more than double of transfer students, while the ratio of incoming freshman to incoming transfer goes down over time, but the headcount of those who have come to CSUN as freshman, divided by those who have come to CSUN as transfers, continually goes up. That may help us to look at the best practices of transfer students, and try to advertise them to our freshman students. I will go through one or two of these practices later.

*17:53 From 3-D space of Quality-Cost-Time, 1-D space of Q/C/T*

 We realize that we are doing perfect in quality-to-cost, in quality of education to tuition, but when we transfer that space to quality-to-cost-to-time, the situation is not as good. And if the graduates spend two years more than it should be, then we can say the cost goes up 50%. And, if the denominator goes up by 50%, the whole numerator divided by denominator will reduce to two-thirds.

*18:24 Competitive Space; Quality/Cost/Time Efficiency*

 Now if we assume that in that two years which the student are paying tuition at CSUN they could of worked elsewhere, and they could have earned as much as their tuition, then the situation at CSUN in the space of quality to cost to time would be even worse.

Now if we assume the student could have additional income three times per tuition, and that is not too much because tuition is $6,000. If you have a bachelor’s degree from CSUN, getting 3 times of it, which would be $18,000 plus itself which is $24,000, having $24,000 per year is not too much, and then the rectangle would have changed to this. And if you go to the same competition space, but here, we have changed the horizontal line to Quality-Time-Cost Efficiency, then performance of all colleges, CSUN and CSU, is not good at all. The rectangle has profoundly changed. In that situation, we could have ranked ourselves in the top three percent of the educational institutes in the nation. This one is not so bright.

*20:00 Flexibility of Processes vs. Quality of Row Material*

Now, if we add a fourth dimension of variety in customer value proposition, and the flexibility in our process competencies, then the situation gets even worse. We don’t offer enough elective courses. Core course in many hours during the day and minutes all days during the week, and the worst situation is that we do not even offer a capacity equal to the available demand.

*20:42 Competitive Space; Quality and Cost Efficiency*

Now the situation really needs to be considered, and something should be done about it. We also use the insides we have got from optimization, and especially from linear programming, to understand the binding constraints. What are the binding constraints, and which binding constraint has the highest shadow price? We cannot mathematically implement it, but conceptually, we need to think about it, find the binding constraints, subordinate everything to that binding constraint, exploit the binding constraint, and try to relax it.

*21:29 The University-Wide Event, Feb. 2014. “Enhancing the Academic Potential of our Students.” Solutions.*

These are many solutions that I have observed in the last three years. And in this direction we need to be very careful. We need to look at the total system.

*21:45 Systems Thinking [VIDEO]*

 *“In the nineteen fifties, the Dayak people of Borneo, an island in Southeast Asia, were suffering from an outbreak of Malaria, so they called the World Health Organization for help. The World Health Organization had a ready-made solution, which was to spray copious amounts of DDT around the island. With the application of DDT, the mosquitos that carried the Malaria were knocked down and so was the Malaria. There were some interesting side effects though. The first was that the roofs of people’s houses began to collapse on their heads. It turns out the DDT not only killed off the Malaria carrying mosquitos, but also killed a species of parasitic wasps that had controlled a population of thatch-eating caterpillars. Thatch being what the roofs at the Dayak people’s homes were made from. Without the wasps, the caterpillars multiplied and flourished and began munching their way through the villagers’ roofs. That was just the beginning. The DDT affected a lot of the island’s other insects, which were eaten by the resident population of small lizards called geckos. The biological half-life of DDT is around eight years, so animals like geckos do not metabolize it very fast. It stays in their system for a long time. Over time, the geckos began to accumulate pretty high levels of DDT. And while they tolerated the DDT fairly well the island’s resident cats, which dined on the geckos, did not. The cats ate the geckos, and the DDT contained in the geckos killed the cats. With the cats gone, the islands population of rats came out to play. We all know what happens when rats multiply and flourish. Pretty soon the Dayak people were back on the phone with the World Health Organization, only this time it wasn’t Malaria that was the problem, it was the plague, and the destruction of their grain stores, both of which were caused by the overpopulation of rats. This time though, the World Health Organization didn’t have a ready-made solution, and had to invent one. What did they do? They decided to parachute live cats into Borneo. Operation Cat Drop occurred courtesy of the Royal Air Force and eventually stabilized the situation.” “If you don’t understand the inter-relatedness of things, solutions often cause more problems.”*

*24:20 16-Years Retention and Graduation Rates: Class 2001*

I have looked at 16 years of data, here is 2001; in 2001, this is the population in [College of Business and Economics] for the first year, for the second year, and this is the number of students that have been in the College of Business in the year 2001, for 10 years. Now, if I go to 2002, and look at those people who have been in CSUN for two years, then I get these numbers. And of course, these 422 are those 576, and the rest have dropped out. So if I continue on the diagram, this is the population of 2001 College of Business entering students through an 11 year period. I can do the same for 2002, and move on the diagonal and see what has happened to them, and 2003, and so forth. And then I can create this table.

*25:40 16-Years Retention and Graduation Rates: Class 2001*

*& 16-Years Retention and Graduation Rates: 2001-15*

So this is what has happened to 2001 students, and if you see that at the 11th point the curve a little bit goes up, it is because after 11 years, some of [the dropouts] have come back. This is 2002, 2003, 2004, 5, 6… and this is all the 16 years. I have the average over there, these are the maximums, and these are the minimums. Obviously, in the first four years, you want this curve as flat as possible. After that, we like to have a really sharp slope. This is the same thing with 95% confidence interval, so these are the maximums, these are the minimums, here we like the maximums, and here we like the minimums.

*26:45 16-Years Retention and Graduation Rates: UCL95%CI, LCL95%CL, Exponential Smoothing [g=0.29]*

These are 2015 entering students, freshman students, so they are about average. It is good. And these are 2014, and these are 2013 first-time freshman at College of Business and Economics, and all of them are about average, so things are getting relatively better here.

*27:09 Required Number of FTF Graduates*

 Here is the number of graduates we need to follow a specific time to graduation. The black dots we see are our position in the past 16 years. The blue line is the required number of graduates to need an average of seven year time to graduation. As we see in 2016, we are around there, a little bit even better. In some years in the past 16 years, we were below average of seven year time to graduation, in some years we were above. If you are looking at five year average time to graduation, then the current headcount of College of Business and Economics, we need about 700 graduates per year.

*28:11 Required % Increase in # of Graduates*

These are the same numbers, but we have translated them into percentage increase in compared to our current position.And this is 6 year moving average of these numbers, or, an exponential smoothing of about .3 Therefore in the current position in 2016, this is our current situation, which is more or less about a seven years average time to graduation. We need about 20% increase if we want to go for six years’ time to graduation, about 45 to 50% increase if you want to go for an average of five years’ time to graduation, and about 75% increase in our current number of graduates if you want to go for four years’ time to graduation. About 75% increase in this number.

*29:24 160,000 Records for 16-Years Performance*

This is about 160,000 records in the past 16 years. I have collected about 10,000 records per year. I have partitioned our lower division courses and core courses into three groups; those with high taste of quantitative, those with high qualitative taste, and those in between. So here are before Gateway classes. I have defined Gateway as a milestone, to check what has happened and foresee what will happen, but in each of these periods, we implement qualitative tools to see what we think we will be in the future. This will be applied to groups of students. We can look it at the very macro-level, or we can go down and look at it at the very micro-level.

*30:44 Information-Analytics*

We try to implement descriptive analytics. Descriptive analytics is to understand *what* has happened in the past 16 years, and that is mainly to transfer data into information. Then we try to do diagnostic analytics to find the root and effect analysis. *Why* it happened, and that is indeed transformation of information into knowledge. Then we conduct predictive analytics, and we try to foresee *what is likely to happen*, and that is mainly transformation of knowledge into understanding. Finally, we try to develop Prescriptive Analytics models, and to learn *what* we should do about it, and it is mainly, hopefully, transformation of understanding into wisdom.

*32.04 Big Data*

We try to use tools such as Excel, Tableau, Tableau is not an analytical tool, Tableau is a visual tool, presentation tool, but we also use Jmp, which is more of an analytical tool, and also, we will use Frontline Solvers in this process.

*32:30 Systems Thinking; Rumi-Elephant in the Dark*

So we talked about one of our teachers, John Little, and we used the process flow concept to understand the flow. We talked about another teacher, George B. Dansick, which, using his concepts in linear programming, we will try to find out which binding constraints have the highest shadow prices, and try to understand them exploit. Now we talk about our other teacher who tries to tell us to have a system here.

*Rumi – An Elephant in the Dark*

*Some Hindus were exhibiting an elephant in a dark room, and many people collected to see it. But as the place was too dark to permit them to see the elephant, they all felt it with their hands, to gain an idea of what it was like. One felt its trunk, and declared that the beast resembled a water-pipe. Another felt its ear, and said it must be a large fan. Another its leg, and thought it must be a pillar. Another felt its back, and declared the beast must be like a great throne. According to the part which each felt, he gave a different description of the animal.*